

Discussion of Tax Return Transcript and Account Transcript

Tax Return Transcript

This is a transcript of the tax return (4 pages) as it was originally processed by IRS. The transcript will reflect both the information as it appeared on the original return, and any change made by the IRS at the time of the original processing. The first example of this on the transcript is on Page 1 of the example:

BUSINESS INCOME OR LOSS (Schedule C): \$0.00
BUSINESS INCOME OR LOSS: SCH C PER COMPUTER \$0.00

The business income posted first is what is reported by the taxpayer on the Schedule C. In this example there was no Schedule C as both the taxpayer and the computer posting show zero amount of business income. However, if the taxpayer reports business income the IRS would verify the math on the Schedule C, and if there is an error, the corrected amount would post and be reported on the line that shows the Schedule C Per Computer.

Any subsequent adjustment made by the IRS will not be reflected on the *tax return transcript*. For example, an amended return or an examination adjustment will not be reflected on this transcript. To see the adjustments to the account, you need to secure an *account transcript*.

Account Transcript

The account transcript reflects the individual account after adjustments. In this example, the following areas are reflected:

** Adjusted Gross Income \$59,963.00
** Taxable Income \$40,763.00
Tax Per Return \$4166.00
** per return or as previously adjusted

If you compare the tax return transcript information to the following amounts on the account transcript you will see that there is a \$5000 increase to adjusted gross income and taxable income. The remaining information provides the transactions posted to this account, the date, and amount of the posting.

CODE	EXPLANATION OF TRANSACTION	CYCLE	DATE	AMOUNT
150	RETURN FILED AND TAX ASSESSED 00000-046-16422-2	200209	00-00-0000	\$4,166.00
806	WITHHOLDING CREDIT		04-15-2002	-\$5,009.00
846	REFUND		03-11-2002	843.00
300	ADDITIONAL TAX ASSESSED BY EXAMINATION	200435	09-01-2004	750.00
336	INTEREST ASSESSED		09-01-2004	95.18

670	SUBSEQUENT PAYMENT		09-15-2004	-845.18
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Again, the last three items are not reflected on the return transcript.

If you plan to file an amended return and there have been adjustments to the account, you need both of these pieces of information in order to complete the Form 1040X.

The following items come from the account transcript and are “as previously adjusted):

Adjusted Gross Income (AGI) 59,963.00 1040X line 1
Taxable Income (TI) 40,763 1040X line 5
Federal Income Tax Withholding (FIT) 5,009 1040X line 11

The following items come from the return transcript:

Itemized deductions or standard deduction 7600.00 1040X line 2
Exemptions 11,600 1040X line 4
Credits 1,200 1040X line 7

The following item must be computed using the account transcript and the original return:

Tax on 1040 X line 6, add the tax from the original return to the tax adjustment from the account transcript (\$5,366 plus \$750.00 = \$6116).